



16 SEP 15 P1:14

STATE PROCUREMENT OFFICE
NOTICE & REQUEST FOR SOLE SOURCE ADMINISTRATION
STATE PROCUREMENT OFFICE
STATE OF HAWAII

TO: Chief Procurement Officer

FROM: Budget and Finance- Employees' Retirement System
Name of Requesting Department

Pursuant to HRS §103D-306 and HAR chapter 3-122, Subchapter 9, the Department requests sole source approval to purchase the following:

1. Describe the goods, services, or construction to be procured.

see attached

2. Vendor/Contractor/Service Provider Name:

MSCI, INC.

3. Amount of Request:

\$see attached

4. Term of contract (shall not exceed 12 months), if applicable:

From: see attached

To:

5. Prior SPO-001, Sole Source (SS) No.:

n/a

6. Describe in detail the following:

a. The unique features, characteristics, or capabilities of the goods, service or construction.

MSCI is the only vendor which can supply information on the constituents of its indices and the characteristics of the constituent stocks in the ERS portfolio.

b. How the unique features, characteristics or capabilities of the goods, service or construction are essential for the department

Without this data, the risk model will not give accurate measurements of the risk in the ERS portfolio. Accurate risk reports are essential for the ERS Investment Staff to make informed decisions when rebalancing or adjusting the risks of the ERS portfolio. Not having accurate risk reports could result in millions of dollars in losses to the ERS.

7. Describe the efforts and results in determining that this is the only vendor/contractor/service provider who can provide the goods, services or construction.

ERS staff were informed by BlackRock that MSCI is the only vendor that can supply the necessary information for the ERS's MSCI benchmark indices and the constituent stocks in BlackRock's Aladdin Risk Management System.

8. Alternate source. Describe the other possible sources for the goods, services, or construction that were investigated but did not meet the department's needs.

There are no alternative sources of this information. The MSCI indices are proprietary.

9. Identify the primary responsible staff person(s) conducting and managing this procurement. (Appropriate delegated procurement authority and completion of mandatory training required.)

*Point of contact (Place asterisk after name of person to contact for additional information).

Name	Division/Agency	Phone Number	E-mail Address
<i>Cara Sakata</i>	<i>B&F/ERS</i>	<i>(808) 586-1776</i>	<i>cara.sakata@hawaii.gov</i>
<i>Thomas Williams</i>	<i>B&F/ERS</i>	<i>(808) 586-1700</i>	<i>thomas.williams@hawaii.gov</i>

Department shall ensure adherence to applicable administrative and statutory requirements, including HAR chapter 3-122, Subchapter 15, Cost or Pricing Data if required.

All requirements/approvals and internal controls for this expenditure is the responsibility of the department.

I certify that the information provided is to the best of my knowledge, true and correct.



Department Head Signature

9/13/16

Date

For Chief Procurement Officer Use Only

Date Notice Posted:

9/16/16

Submit written objection to this notice to issue a sole source contract within seven calendar days or as otherwise allowed from date notice posted to:

state.procurement.office@hawaii.gov

Chief Procurement Officer (CPO) Comments:

Approval is granted for the period 10/1/2016 to 9/30/2017 and is based on the department's representation that MSCI is the sole source vendor to provide the GICS and Asset Owner and Consultant Data License Agreement which are proprietary. This approval is for the solicitation process only, HRS section 103D-310(c) and HAR section 3-122-112 shall apply (i.e. vendor is required to provide proof of compliance and may use the Hawaii Compliance Express), and the award is required to be posted on the Awards Reporting System. Copies of compliance and the awards posting are required to be documented in the procurement/contract file.

If there are any questions, please contact Stanton Mato at 586-0566, or email stanton.d.mato@hawaii.gov.

☒ Approved

☐ Disapproved

☐ No Action Required

for Maria Smith 9/29/16
Chief Procurement Officer Signature Date

Attachment to Notice & Request for Sole Source
Vendor: MSCI, Inc.

No. 1: Describe the goods, services or construction to be procured.

The Employees' Retirement System (ERS) seeks to procure GICS (Global Industry Classification Standard) and data licenses to obtain data regarding individual stock characteristics for all publicly traded stocks in the MSCI All Country World Investable Market Index.

ERR 5/2/16

The ERS' current investment manager, BlackRock has provided the ERS with a Risk Management System that produces risk reports for the entire ERS investment portfolio. The operational and risk reporting functions of the Risk Management System require GICS (Global Industry Classification Standard) data from MSCI. To get access to this data, MSCI requires that a separate GICS data subscription be purchased directly by the ERS.

MSCI is the only index data vendor that covers all publicly traded stocks in the MSCI All Country World Investable Market Index, which is the primary benchmark index for the Growth Oriented portion of the ERS's portfolio. The data includes various factors for each stock including the current market cap, price/earnings ratio, dividend, price/book value, sector, industry, country, etc. The ERS must be able to incorporate MSCI's proprietary data regarding individual stock characteristics in the Risk Management System for its multi-billion dollar stock portfolio. Without this data, the Risk Management System model cannot identify and measure the risk of the stocks or the risk of the ERS portfolio.

No. 2: Vendor Name: MSCI, Inc.

No 3: Amount of Request:

GICS Subscription Agreement -Amount \$12,400 annually

Asset Owner and Consultant Data Subscription Agreement – Amount \$1,000 annually

No. 4: Term of Contract:

September 1, 2016 to August 31, 2017, renewable annually thereafter

5517-045